

International Trade and Protectionism

Most nations employ some means of protecting their economies against competition from foreign commodities.

There are three ways in which countries can reduce its imports:

- they can place a tax known as a "tariff" on imported commodities in order to raise their price to the consumer;
- they can impose an "import quota" which places limits on the amount of a particular commodity that can be imported into the country; and
- they can impose domestic policies that reduce the demand for an imported commodity. Making laws or policies which prohibit items if they do not meet the countries standards (medicine).

Definitions:

1. Protectionism:

- The system of imposing duties on imports into a country in order to protect domestic industries.

2. Tariffs:

- Duty levied on goods by the government on imported or sometimes exported goods.

3. Import Quotas:

- A maximum number or quantity of goods that are permitted to enter a country.

4. Domestic Economic Policies:

- Economic policies which are concerned with a nation's internal affairs. A country can enforce emission standards on imported vehicles if they do not meet the countries standards.